

## Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 SWF-02 AF-10 ARA-16 EA-11 EUR-25 OIC-04 DRC-01

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R 271500Z MAR 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 4861

INFO AMEMBASSY ATHENS

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT BALANCE OF PAYMENTS COMMITTEE--GREECE

REF: (A) STATE 58254

(B) GENEVA 1831

(C) GENEVA 1767

(D) STATE 52712

(E) TSCD 74-10

BEGIN SUMMARY: NEW GREEK IMPORT RESTRICTIONS ANNOUNCED TO  
BOP COMMITTEE WERE INSPIRED BY UNUSUALLY HIGH IMPORTS  
TOWARD END OF 1973 AND BY UNCERTAINTIES OF 1974--BOTH OF WHICH  
LINKED DIRECTLY OR INDIRECTLY TO HIGH OIL PRICES. GREEK  
DEL MADE EFFORT NOT TO DRAMATIZE THIS LINK. COMMITTEE  
EXPRESSED CONCERN OVER RESTRICTIONS AND ASKED EARLY  
RELAXATION. END SUMMARY

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1. DURING MARCH 18 FULL GATT BALANCE-OF-PAYMENTS COMMITTEE

CONSULTATIONS ON GREECE, ANNOUNCEMENT WAS MADE BY GREEK DEL OF NEW IMPORT RESTRICTIONS (REFTEL (C)), BUT DETAILS WERE LACKING. GREECE UNABLE SUPPLY MORE INFORMATION BECAUSE NEW RESTRICTIONS ANNOUNCED MARCH 9, DAY AFTER THEIR DEL LEFT ATHENS; PROMISED SUPPLY FULL DETAILS TO GATT "AS SOON AS TECHNICALLY POSSIBLE."

2. DESCRIPTION OF RESTRICTIONS, WHICH SAID TO AFFECT ONLY 8 PERCENT OF VALUE OF GREEK IMPORTS, GIVEN AS FOLLOWS: "EXCEPTIONAL MEASURES AFFECTING IMPORT DEPOSIT SCHEME AND IMPORTATION PROCEDURES..APPLY INTER ALIA TO IMPORTS OF PRIVATE CARS AND TO CERTAIN ITEMS ON LIST A. IN ADDITION, NEW LISTS ARE ADDED TO IMPORT REGISTRATION SCHEME, INCLUDING ONE REQUIRING ADVANCE DEPOSIT FOR PERIOD OF EIGHT MONTHS AT RATE OF 140 PERCENT OF C.I.F. PRICE OF IMPORTS PLUS 60 PERCENT OF TARIFF RATE AND ANOTHER REQUIRING ADVANCE DEPOSIT FOR SIX MONTHS BUT AT VARIOUS LOWER RATES DEPENDING ON PRODUCT." NOTE: 60 PERCENT OF TARRIFF RATE APPEARS REFER TO SUPPLEMENTAL PRIOR DEPOSIT AND NOT TARIFF INCREASE AS FIRST REPORTED REFTEL (C).

3. IN INDICATING THAT GREECE'S LEVEL OF IMPORT RESTRICTIONS WAS NOT INAPPROPRIATE GIVEN LEVEL OF RESERVES AND BOP PROSPECTS OF GREECE, IMF REP SAID HIS STATEMENT DID NOT TAKE ACCOUNT OF THE NEW MEASURES, WHICH HAD BEEN UNKNOWN TO IMF. GREEK DEL MENTIONED OIL PRICES AS FIRST CAUSE OF NEW RESTRICTIONS BUT ADDED VARIOUS OTHER FACTORS (REFTEL (C)), INCLUDING SPECULATIVE IMPORT STOCKPILING, IN EFFORT NOT TO DRAMITIZE OIL PRICE LINK. NEW DOCUMENTS WERE CIRCULATED AT MEETING (BOP/143/ADD. 1 AND 2) INDICATING TOTAL 1973 IMPORTS FOR GREECE EXCEEDED US \$4 BILLION, WHICH WOULD MAKE END-1973 RESERVES SUFFICIENT FOR ONLY TWO-THREE MONTHS' IMPORTS. IMF REP HAD IMPORT FIGURES ONLY FOR FIRST NINE MONTHS OF 1973 (SDR 2.39 BILLION, OR ABOUT US \$2.88 BILLION), AND THUS HE AND COMMITTEE UNABLE TO COMMENT ON GREEK STATEMENT MADE IN DEFENSE OF NEW RESTRICTIONS THAT RESERVES NOT HIGH FOR CURRENT IMPORT LEVEL. GREEK DEL REFERRED TO SURGE OF IMPORTS AT END LIMITED OFFICIAL USE

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1973 AND DESCRIBED BOP OUTLOOK FOR 1974 AS "CRISIS SITUATION," CITING FACTORS MOSTLY RESULTING INDIRECTLY FROM OIL PRICES REPORTED IN REFTEL (C).

4. CANADA, JAPAN, AND US EXPRESSED CONCERN OVER RESORT TO NEW RESTRICTIONS, NOTED THEY WERE TEMPORARY, AND URGED EARLY RESUMPTION OF LIBERALIZATION. AT MARCH 25 REPORT SESSION, PER INSTRUCTIONS REFTEL (A), U.S. REITERATED

CONCERN AND INSERTED IN RECORD REFERENCE TO ROME C-20 STATEMENT OF INTENT TO AVOID ESCALATION OF RESTRICTIONS ON TRADE AND PAYMENTS. AT CHAIRMAN'S INITIATIVE (DUNKEL), ATTRIBUTION OF THIS IN REPORT WAS BROADENED TO "SEVERAL MEMBERS OF COMMITTEE."

5. IN RESPONSE TO US QUESTION ON PERCENTAGE OF VALUE OF IMPORTS AFFECTED BY PRIOR DEPOSIT SYSTEM, GREEK DEL SAID ONLY 30 PERCENT OF IMPORT VALUE IS AFFECTED; THIS INCLUDES THE 8 PERCENT OF IMPORTS TO WHICH NEW

RESTRICTIONS APPLY. ALL PRIOR DEPOSITS ARE TO BE PHASED OUT OVER 22 YEARS AS PART OF EC ASSOCIATION AGREEMENT, AND THOSE APPLYING TO GOODS ON THE 12-YEAR TARIFF DISMANTLEMENT LIST WOULD BE ELIMINATED AT END OF 1974. GREEK DEL SAID IN THEIR VIEW THEY NOT REQUIRED BY GATT ART. XXIV EXTEND THESE PRIOR DEPOSIT REDUCTIONS TO OTHER COUNTRIES BUT IT HAD BEEN TRADITION TO DO SO AND THEY HOPED THEY WOULD BE ABLE DO THIS IN THE FUTURE. CANADA, US, JAPAN, AUSTRALIA DISAGREED WITH THIS INTERPRETATION OF ART. XXIV AND SAID GREEK OBLIGATED NOT DISCRIMINATE AGAINST OTHER CONTRACTING PARTIES. EC SUPPORTED GREEK POSITION. U.S. SAID RESPECTIVE POSITIONS WERE WELL KNOWN AND THIS SHOULD NOT BE PURSUED FURTHER IN BOP COMMITTEE FORUM.

6. ALSO ADDRESSING A US QUESTION, GREEK DEL SAID THEY UNABLE PRESENT CONCISE CRITERIA FOR GRANTING LICENSES FOR ITEMS ON "A" LIST. THESE "GRANTED AUTOMATICALLY FOR MOST ITEMS" ON BASIS OF IMPORTS OVER PREVIOUS THREE YEARS FOR EACH IMPORTING FIRM, WITHOUT DIFFERENTIATING ORIGIN OF IMPORTS. GREEK DEL SAID NEWCOMERS GET LICENSES BUT WAS UNABLE GIVE DELIMITED OFFICIAL USE

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TAILS ON HOW THIS IS DONE. SEVERAL MEMBERS OF COMMITTEE SAID IMPORT SYSTEM THUS SEEMS TOO COMPLEX AND REQUESTED IT BE SIMPLIFIED.

7. US ASKED FOR SUMMARY OF BILATERAL TRADING ARRANGEMENTS AND ANY PLANS TO TERMINATE THEM. GREEK DEL RESPONDED COUNTRIES INVOLVED WERE ONLY THOSE LISTED IN BOP/143. THESE ARRANGEMENTS GAVE OUTLETS FOR GREEK EXPORTS IN EASTERN EUROPE, PARTICULARLY FOR SURPLUS AGRICULTURAL PRODUCTS WHICH OTHERWISE WOULD BE DIFFICULT TO DISPOSE OF IN MARKET-ECONOMY COUNTRIES. PROPORTION OF TOTAL GREEK TRADE IN BILATERAL ARRANGEMENTS HAS BEEN DECLINING; IN 1973 THIS CONSTITUTED 19 PERCENT OF EXPORTS AND 7 PERCENT OF IMPORTS. THERE ARE NO PREFERENTIAL TRADING CONDITIONS INVOLVED WHICH

DO NOT EXTEND TO ALL CONTRACTING PARTIES.

8. COMMENTS: DUE TO GOOD WORK OF COMMITTEE  
CHAIRMAN, GREEK DEL WAS CAREFUL TO MENTION VARIOUS  
DIFFERENT FACTORS AS INSPIRING THE NEW RESTRICTIONS.  
HOWEVER, IT CLEAR THAT DIRECT AND INDIRECT EFFECTS  
OF HIGH OIL PRICES ON GREEK FOREIGN EXCHANGE EARNINGS  
WAS MOST IMPORTANT SINGLE ELEMENT.DALE

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## Message Attributes

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**Copy:** SINGLE  
**Draft Date:** 27 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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